

Commodity Credit Corporation, USDA

§ 1493.3

- 1493.20 Definition of terms.
- 1493.30 Information required for program participation.
- 1493.40 Application for a payment guarantee.
- 1493.50 Certification requirements for obtaining payment guarantee.
- 1493.60 Payment guarantee.
- 1493.70 Guarantee rates and fees.
- 1493.80 Evidence of export.
- 1493.90 Certification requirements for the evidence of export.
- 1493.100 Proof of entry.
- 1493.110 Notice of default and claims for loss.
- 1493.120 Payment for loss.
- 1493.130 Recovery of losses.
- 1493.140 Miscellaneous provisions.

Subpart C—CCC Facility Guarantee Program (FGP) Operations

- 1493.200 General statement.
- 1493.210 Definition of terms.
- 1493.220 Exporter eligibility.
- 1493.230 Eligible transactions.
- 1493.240 Initial application and letter of preliminary commitment.
- 1493.250 Final application and issuance of a facility payment guarantee.
- 1493.260 Facility payment guarantee.
- 1493.270 Certifications.
- 1493.280 Evidence of export report.
- 1493.290 Proof of entry.
- 1493.300 Notice of default and claims for loss.
- 1493.310 Payment for loss.
- 1493.320 Recovery of losses.
- 1493.330 Miscellaneous provisions.

Subpart D—CCC Supplier Credit Guarantee Program Operations

- 1493.400 General statement.
- 1493.410 Definition of terms.
- 1493.420 Information required for program participation.
- 1493.430 Application for a payment guarantee.
- 1493.440 Certification requirements for payment guarantee.
- 1493.450 Payment guarantee.
- 1493.460 Guarantee rates and fees.
- 1493.470 Evidence of export.
- 1493.480 Certification requirements for the evidence of export.
- 1493.490 Proof of entry.
- 1493.500 Notice of default and claims for loss.
- 1493.510 Payment for loss.
- 1493.520 Recovery of losses.
- 1493.530 Miscellaneous provisions.

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Subpart A—Restrictions and Criteria for Export Credit Guarantee Programs

§ 1493.1 General statement.

This subpart sets forth the restrictions which apply to the use of credit guarantees under the Commodity Credit Corporation (CCC) Export Credit Guarantee Program (GSM-102) and the Intermediate Credit Guarantee Program (GSM-103) and the criteria considered by CCC in determining the annual allocations of credit guarantees to be made available with respect to each participating country. This subpart also sets forth the criteria considered by CCC in the review and approval of proposed allocation levels for GSM-102 and/or GSM-103 credit guarantees which may be made available in connection with export sales of specific U.S. agricultural commodities to these countries. These restrictions and criteria are interrelated and will be applied and considered together in the process of determining which sales opportunities under GSM-102 or GSM-103 will best meet the purposes of the programs.

§ 1493.2 Purposes of programs.

CCC may use export credit guarantees:

- (a) To increase exports of U.S. agricultural commodities;
- (b) To compete against foreign agricultural exports;
- (c) To assist countries, particularly developing countries, in meeting their food and fiber needs; and
- (d) For such other purposes as the Secretary of Agriculture determines appropriate, consistent with the provisions of § 1493.6.

§ 1493.3 Restrictions on programs and cargo preference statement.

(a) *Restrictions on use of credit guarantees.* (1) Export credit guarantees authorized under these regulations shall not be used for foreign aid, foreign policy, or debt rescheduling purposes.

(2) CCC shall not make credit guarantees available in connection with sales of agricultural commodities to any country that the Secretary determines cannot adequately service the debt associated with such sales.

§ 1493.4

(b) *Cargo preference laws.* The provisions of the cargo preference laws shall not apply to export sales with respect to which credit is guaranteed under these programs.

§ 1493.4 Criteria for country allocations.

The criteria considered by CCC in reviewing proposals for country allocations under the GSM-102 or GSM-103 programs, will include, but not be limited to, the following:

(a) Potential benefits that the extension of export credit guarantees would provide for the development, expansion or maintenance of the market for particular U.S. agricultural commodities in the importing country;

(b) Financial and economic ability of the importing country to adequately service CCC guaranteed debt;

(c) Financial status of participating banks in the importing country as it would affect their ability to adequately service CCC guaranteed debt;

(d) Political stability of the importing country as it would affect its ability to adequately service CCC guaranteed debt; and

(e) Current status of debt either owed by the importing country to CCC or to lenders protected by CCC's guarantees.

§ 1493.5 Criteria for agricultural commodity allocations.

The criteria considered by CCC in reviewing proposals for specific U.S. commodity allocations within a specific country allocation will include, but not be limited to, the following:

(a) Potential benefits that the extension of export credit guarantees would provide for the development, expansion or maintenance of the market in the importing country for the particular U.S. agricultural commodity under consideration;

(b) The best use to be made of the export credit guarantees in assisting the importing country in meeting its particular needs for food and fiber, as may be determined through consultations with private buyers and/or representatives of the government of the importing country;

(c) Evaluation, in terms of program purposes, of the relative benefits of providing payment guarantee coverage

7 CFR Ch. XIV (1-1-01 Edition)

for sales of the U.S. agricultural commodity under consideration compared to providing coverage for sales of other U.S. agricultural commodities; and

(d) Evaluation of the near and long term potential for sales on a cash basis of the U.S. commodity under consideration.

§ 1493.6 Additional required determinations for GSM-103.

Notwithstanding any other provision under this part, CCC shall not guarantee under the GSM-103 program the repayment of credit made available to finance an export sale unless the Secretary of Agriculture determines that such sale will:

(a) Develop, expand or maintain the importing country as a foreign market, on a long-term basis, for the commercial sale and export of U.S. agricultural commodities, without displacing normal commercial sales;

(b) Improve the capability of the importing country to purchase or use, on a long-term basis, U.S. agricultural commodities; or

(c) Otherwise promote the export of U.S. agricultural commodities.

Subpart B—CCC Export Credit Guarantee Program (GSM-102) and CCC Intermediate Export Credit Guarantee Program (GSM-103) Operations

§ 1493.10 General statement.

(a) *Overview.* (1) This subpart contains the regulations governing the operations of the Export Credit Guarantee Program (GSM-102) and the Intermediate Credit Guarantee Program (GSM-103). The GSM-102 and GSM-103 programs of the Commodity Credit Corporation (CCC) were developed to expand U.S. agricultural exports by making available export credit guarantees to encourage U.S. private sector financing of foreign purchases of U.S. agricultural commodities on credit terms. Under GSM-102, credit guarantees are issued for terms of up to three years. Under GSM-103, credit guarantees are issued for terms of from three to ten years.

(2) The programs operate in cases where credit is necessary to increase or